

Course description

Course title: Economic Policy	Neptune code of course: GTGVÖ111BNA Institute of Economics Theory and Methodology Course type: required
Course coordinator	Zoltan Bartha, Phd https://gemi.uni-miskolc.hu/zolibartha
Syllabus:	https://gemi.uni-miskolc.hu/econpol
Recommended semester: 4 Spring	Precondition: -
Place of classes	Building A1 Room 311
Time of classes	Mondays 16:00-17:30
Number of lessons/week: 2+0	Acknowledgement of course completion: signature, written exam
Credit value: 3	Training format: full-time
Aim and content of course: The purpose of the course is to explain students how their individual welfare or the well-being of their family members may be affected by economic policy decisions, or measures taken by public sector agents in general. During the course we develop tools that help students in evaluating both the micro- and the macroeconomic effects of economic policy interventions.	
Competences to be developed: Knowledge: T1, T2, T6 (EEF, NG), T10 (GM, KM, PSZ) Skills: K2 (EEF, GM, KM, NG, PSZ, TV), K3 (GM, NG) Attitudes: A2, A3 (GM, TV), A4 (EEF, TV) Autonomy and responsibility: AF1 (EEF, PSZ), AF2 (GM, KM, TV), AF3 (NG), AF6 (NG)	
Schedule of the semester & thematic description of course content:	
	Lecture:
27 Feb	Why do we need economic policy at all? Collective action problem, bounded rationality, and economics. Thoughts about economic growth
6 Mar	Basic rules of the markets vs. markets with government intervention
13 Mar	Path dependence – to what extent are market economies similar
20 Mar	Social surplus and deadweight loss – simple tools in assessing the macroeconomic effects of government interventions
27 Mar	The case for market failures: rationality, transaction costs, public goods, externalities, monopolies, principal agent problems
3 Apr	The case for government failures: omnipotence, rationally uninformed electorate, rent seeking, moral hazard.
10 Apr	Easter break – no teaching
17 Apr	Government functions: allocation of goods and services, redistribution, macroeconomic stabilisation, regulation
24 Apr	Fiscal and monetary policy – macroeconomic stabilisation. Expansionary and contractionary policies. Fiscal policy: public finances and public debt; flat rate tax vs. progressive tax
1 May	May 1 st – no teaching
8 May	Monetary policy: policy rate and monetary transmission. Monetary policy in Europe: Eurozone in or out The nature of economic crises
15 May	Optional midterm test – Student presentations
22 May	Student presentations
29 May	Pentecost break – no teaching
Extraordinary circumstances amendment The information provided in the syllabus was prepared with in-person teaching in mind, and may change if online teaching is introduced. Students will be notified in Neptun about the changes in the latter case.	
Method and evaluation of in-semester assessment: Requirements for obtaining the signature: The signature is awarded if students actively participate in	

class discussions and give a presentation on a previously agreed topic.

The signature is awarded if a minimum of 5 points are accumulated, where the maximum amount of points is 15 in the following structure:

- Active class participations (max. 3 points)
- Presentation (max. 12 points)

Students are to form groups of two and have to give a 15-minute PowerPoint presentation on a previously agreed topic (see topic suggestions).

Deadlines:

- Finalising the two team members & agreeing on the topic of presentation: 3 April (if you do not have a team or a topic by this date, you will not be able to complete this course!)
- Sending the PPT to zoltan.bartha@ekon.me: 14 May

(The maximum points that can be obtained for the presentation (12) is decreased by one with every day that you are late with)

- Presentation: two days are dedicated for the presentations (see schedule on 1st page); the first students get to choose between the two days, the later ones are automatically assigned to a day by me

If the presentation is not given on the agreed date, the signature is denied (because the minimum of 5 points cannot be collected without it). The only way to make up for the lost presentation points is to write a 30-page (~10,000-word) essay on the same topic, discussing the same issues as it was required in the presentation. The essay is declined if any plagiarism is detected.

Deadline for the essay: 30 May

Topic: Find and present a method to reduce inflation. The task is as follows: 1) define a focus area (this can be the entire economy – e.g., consumer prices, or a sector - e.g., food prices, or a single product - e.g., cigarette prices); 2) describe the current situation (price changes) of the focus area (with recent statistics, always cite your sources); 3) formulate a specific measure, an economic policy proposals that may be suitable for mitigating price increases in the selected focus area; 4) present professional arguments that show why the proposal can work; 5) mention possible weaknesses-limitations - Why is it not certain that the proposal will really achieve the desired effect?

When listing your arguments, you can rely on your knowledge on the economy, but you can also use external sources, studies and papers written on the topic. The important thing is to always cite your sources.

Points for class participation:

- at least 4 occasions: 1 point
- at least 6 occasions: 2 points
- at least 8 occasions: 3 points

Completion requirements and evaluation criteria for seminar grades and exams: you may only take the exam if you obtained a signature from the course

Oral/written exams, or specific methods/practices applied during the course:

Students have the option to take a midterm exam, or they can write the final exam during the exam period. Both exams have the exact same structure: 11 multiple choice questions that include definitions, examples, logic exercises (for 1 point each); 2 essay questions that usually test the decision-making skills of students (for 2 points each). The time available for the test is 30 minutes.

The final grade is calculated as follows:

- Active class participations (max. 3 points)
- Presentation (max. 12 points)
- (Midterm or final) test (max. 15 points)

The point structure is the following: 30-24 excellent; 23-21 good; 20-18 satisfactory; 17-15 pass; 14-0 fail. For Erasmus students the following ECTS grading scale will be used: 30-27 excellent – A; 26-24 very good – B; 23-21 good – C; 20-18 satisfactory – D; 17-15 pass – E; 14-0 fail – F.

Required reading:

Most of the materials & more are available in the elearning system: <https://elearning.uni-miskolc.hu/zart/>

Sara Connolly & Alistair Munro: Economics of the public sector. London: Prentice Hall, 1999. Pp. 1-56, 121-202, 339-409.

Recent issues of The Economist: <http://www.economist.com/>

Thaler-Sunstein: Nudge. London: Penguin Books, 2008

Suggested reading:

J.M. Buchanan: What should economists do? Indianapolis: Liberty Press, 1979.

M. Friedman: The Role of Government in Education. New Jersey: Rutgers University Press. Economics and the Public Interest, ed. Robert A. Solo, 1955

J.K. Galbraith: The Culture of Contentment. New York: Houghton Mifflin, 1992.

D. Acemoglu – J. A. Robinson: Why Nations Fail? Crown Publishing, 2012.

Miskolc, 01 February 2023